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THE MAGAZINE FOR
GROWING COMPANIES

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THIS WOMAN HAS CHANGED BUSINESS FOREVER

How Anita Roddick of The Body Shop Has Customers and Employees Clamoring for Her Brand of Business

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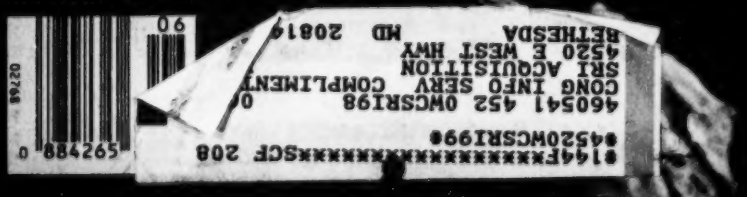
GETTING PAID

Surefire ways to get what's owed you

SEE PAGE 58



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JUNE 1990 VOL. 12 NO. 6

HANDS ON

A Manager's Notebook

RESOURCE

LOG ON, BITTE

If you've got questions about exporting to West Germany, a couple of on-line databases may have the answers. You don't need to speak German to use them, but you do need a modem and a computer.

According to Leonard Fuld, president of Fuld & Co., competitor-intelligence specialists in Cambridge, Mass., these two databases come complete with English translations of files:

ABC der Deutschen Wirtschaft. Lists name, address, phone number, products, and number of employees for 76,000 manufacturers. It includes industry classification, commercial registration, and bankers. Managers and sales reps are listed by name.

Wer Liefert Was? Information on 58,000 manufacturers and service suppliers includes address, phone number, product lines and services, and trade names of products.

For access and price information on either database, call Data-Star, (800) 221-7754; or FIZ Technik, Frankfurt/Main, 49-69-430-8225. Wer Liefert Was? is also carried by Bertelsmann InformationsService, Munich, 49-89-43-1890. ❑

How much of your financing needs is met by foreign capital?

Annual revenues	Currently	In 5 yrs.
Less than $5 million	13%	17%
$5 million-$25 million	17%	20%
$25 million-$100 million	19%	24%

Source: Survey of 774 electronics industry executives by Ernst & Young, San Francisco, 1990

STRATEGIC ALLIANCES

POINT OF REFERENCE

Thinking of entering a strategic alliance with a large corporation? Don't feel shy about asking for references—no matter how big the company, advises Mike Allred, CEO and president of Visual Information Technologies Inc., a Dallas-based manufacturer of image processing systems.

Before entering a major strategic alliance with a TRW Inc. subsidiary, Allred asked for contacts at other small companies with which TRW had forged alliances. TRW was happy to comply, and Allred found the information useful. He believes asking for references actually helped him in his negotiating, since it showed he wasn't overanxious to form an alliance. "Winners want to play with winners," Allred observes. ❑

COMPENSATION

A PIECE OF THE ACTION

When one group of employees earns commissions while others in support positions are on salary at the same company, resentment is the likely result. Bill Byrne, founder and publisher of *Tri-State Neighbor*, a biweekly magazine in Sioux Falls, S.D., found a way to reduce the friction. Without taking incentives away from his advertising reps, he lets others share in increased revenues.

Byrne still pays his reps a 5% to 8% commission. But for the past two years he's also run a commissionlike program for his five production and administrative employees. For every ad page sold above a base level, they split $20. As the number of ads sold has increased, the monthly shares have grown to about $200 a person.

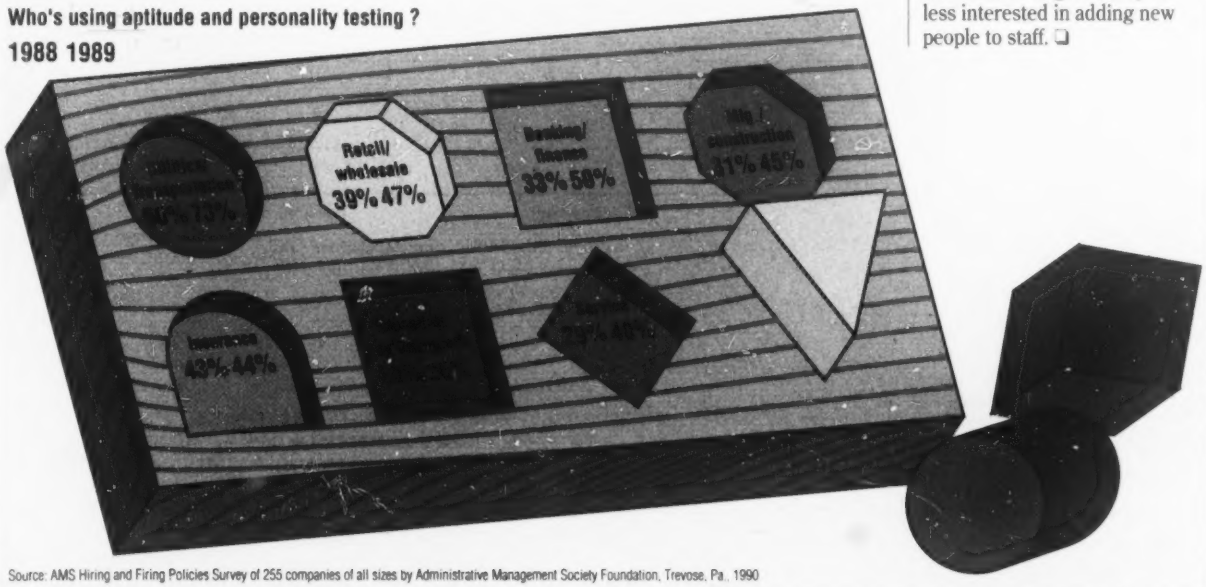
Before, Byrne says, production people groaned when ads came in late. "Now, you don't hear those complaints. If anything, they're pushing the salespeople to get out and sell more." And because they want their shares to grow, they're less interested in adding new people to staff. ❑

PERSONNEL POLICY

WHAT'S ON THEIR MINDS?

Who's using aptitude and personality testing ?

1988 1989



Source: AMS Hiring and Firing Policies Survey of 255 companies of all sizes by Administrative Management Society Foundation, Trevose, Pa., 1990

CHARTS: ELLIOT BERGMAN

HANDS ON

COMMUNITY RELATIONS

ALL TOGETHER NOW

Jacki Baker, co-owner of Mother Myrick's Confectionery & Ice Cream Parlor, an ice-cream shop and mail-order candy business with sales of less than $1 million, wanted to do something to encourage children to read.

Baker and her husband, co-owner Ron Mancini, enlisted the help of local high-school art students, who competed to design a game sheet on which grade-school kids could write down the names of books they had read. The winner received a $50 savings bond. Teachers distributed the sheets to 2,000 students in Manchester Center, Vt., and surrounding towns. For each 2 books read, Mother Myrick's would award an ice-cream treat. After reading 11 books, student and family (up to four people) shared a free cake and ice cream.

More than 300 children took part, and the project cost less than $3,000. "Parents told us kids were holed up in their rooms reading," says Baker. Other payoffs were a higher company profile, including a chamber of commerce award, recognition from Vermont governor Madeleine Kunin and First Lady Barbara Bush, and more family visits. ❑

MEETINGS

TELL US ABOUT IT

The president and CEO of Windham Hill Records, in Palo Alto, Calif., wants each employee to know how important his or her job is to the company. So she holds an hour-long meeting for all 30 employees at company headquarters every Monday morning at 9:00. Everyone from the warehouse stocker to the chief executive herself, Anne Robinson, gives a two-minute summary of what they have upcoming for the week.

Why bother with such a production every week? It allows everybody in the company to report more accurate information than if a manager spoke for them, keeps the organization flat, and instills employees with a sense of pride in their work, reports Robinson.

Windham Hill's two branch offices also hold meetings. Minutes from the meetings are combined and circulated to all 60 employees. "Information is power, and I don't think it should live inside my head," says Robinson of the eight-year-old tradition that grew with the company. ❑

ENVIRONMENT

WHEN LESS IS MORE

Randy Clark, president of Sun Sportswear Inc., in Kent, Wash., was unpacking T-shirts one day when he realized that the plastic polybags Sun was using for packaging were overkill, *and* they were hurting the environment.

So in early 1990 the $73-million company started shipping its shirts, tank tops, and sweats right in the box. The clothes arrive less wrinkled since they don't slide around as much, Clark reports, and customers—including Walmart, K mart, and Bradlees—don't miss the plastic.

"It serves the environmental cause," he says, "and it's a cost saver for us." Just how much does it save? At a unit cost of 5¢ per polybag, Sun could wind up saving about $37,500 a year. ❑

CEO'S READING LIST

A Whack on the Side of the Head: How to Unlock Your Mind for Innovation

by Roger von Oech, Warner Books, 1990 (revised edition), $12.95

"By the time I became president of our family-owned Maker's Mark Distillery in 1977, we were happy with our modest success, but we were in a declining market. Distilled spirits in general were losing favor with the public, and bourbon whiskey was particularly hit hard. We were going to have to do something, not just to compete with the big guys, but to increase sales in the face of a declining market.

"About that time, a friend of mine gave me a copy of *A Whack on the Side of the Head.* It was a revelation.

"What it suggested to me was that there was a big difference between the detail orientation necessary to handcraft a fine whiskey exactly right and the way to go about marketing it successfully. It made me realize, somewhat painfully, that we needed to throw out everything we thought we knew about communicating with our customers and potential customers.

"I highly recommend the chapter 'To Err Is Wrong.' Sure, mistakes cost money, but not making mistakes can also be costly in the long run. Because if you're not coming up with ideas that fail, you're undoubtedly not seeking out the big ones that *really do* work.

"But as von Oech notes, 'Being creative and obnoxious are sometimes very similar.' The ad we ran last year with a dead horse in it, for example, did not amuse some of Kentucky's prominent thoroughbred breeders. Well, it seemed like a good idea at the time. At least we discovered (painfully) that our advertising campaign is extremely well read."

—Bill Samuels Jr., president, Maker's Mark Distillery, Loretto, Ky.

MARK ALCAREZ

INTERNATIONAL

IT'S WHO YOU KNOW

If you're looking to subcontract your work to offshore manufacturers, the people in the middle of your trade—the shippers—may be the best source of leads.

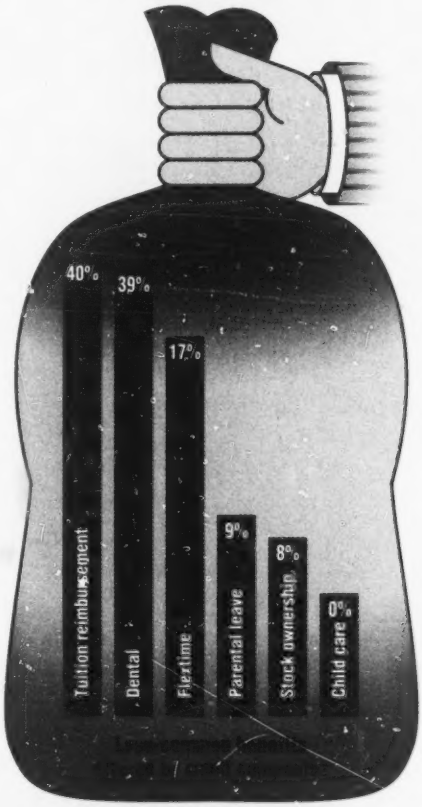
Joanne Marlowe, president of DSG Inc., a $4-million Chicago company that sells weighted beach towels, already did business with mills in Brazil and Yugoslavia through U.S. agents. But what she really wanted, she told her shipper, was to save broker fees by finding offshore mills with which she could work directly. Her shipper gave her names of contacts at three manufacturers, then made introductory calls on her behalf. She followed up and eventually made the new mills her primary partners.

"When you're dealing overseas, companies are less likely to rip you off if they know you're part of the network," says Marlowe. Bottom line: between cheaper freight and elimination of agent commissions, Marlowe figures she'll save 15% to 17% on costs. ❑

HANDS ON (continued)

HANDS ON

BENEFITS
SMALL TIME



Source: National Association of Manufacturers survey of 2, 228 companies, more than 96% of which have annual sales under $50 million, 1989

ON THE CHEAP

CUT COMPUTER EYESTRAIN *By Cary Lu*

BRUCE SANDERS

Long hours in front of a computer can produce more eyestrain than productive work. So what do you do? Simple. Set up your screen to minimize glare and maximize visual comfort. Here's how.

■ **Position the screen so it's not in direct sunlight.** Light from large windows can be controlled by using room dividers, horizontal venetian blinds, or, better yet, vertical louvers that can be adjusted to block the sun and leave you a view.

■ **Use only indirect lighting, where possible.** Desk lamps or lamps on flexible arms near the computer can illuminate work areas without flooding the screen with light.

■ **Make sure the brightness of the screen and the surrounding area are about the same** so that your eyes won't have to keep adjusting.

■ **Remove any bright objects directly opposite the screen,** which can produce distracting reflections.

■ **Consider installing an antiglare filter,** if you can't avoid glare with these adjustments. The best filter is a glass circular polarizer, made by Optical Devices Inc. (Camarillo, Calif.) and Polaroid Corp. (Norwood, Mass.). Unfortunately, this is also the most expensive, starting at about $100. The next-best filters are neutral-density (gray) glass that sell for $60 and up. Plastic filters, which are widely available, are only slightly less expensive than the more durable glass filters, so they are not a cost-efficient choice.

All of these filters have antireflection coatings and tend to collect dust. You can reduce dust buildup by using a filter with an antistatic coating and connecting it to a ground with a wire.

Some of the newest filters come with coatings that reduce electromagnetic radiation. The danger of such low-level radiation from your computer is disputed, but the additional cost of such coatings is modest, about $20 to $40 for standard-size filters. If you're concerned about radiation, remember that these filters cover only the front of the computer screen. ❑

CUSTOMER SERVICE

ATTITUDE ADJUSTMENT

To make sure employees don't clown around with the customers who fueled the growth of Sequent Computer Systems, president Scott Gibson depends on one of the most famous clowns of all, Bozo. One hundred "Bozo boxes" are strategically located within easy reach of most conversation spots, such as conference rooms and hallways. Anyone caught by a fellow employee criticizing a customer or supplier must drop a quarter in the nearest box.

As the Beaverton, Ore.–based computer manufacturer grew from $4 million to $145 million over the past five years, Gibson admits, "we had drifted a bit into the arrogance that comes from success." The boxes keep employees humble, and proceeds go to the needy. ❑

MANAGING PEOPLE

EPISTLE TO THE BOSSES

People usually begin new jobs with great expectations. But the enthusiasm can fade long before managers are aware problems exist. One way to minimize the disillusionment, says Andy Plata, CEO of Computer Output Printing Inc. (COPI), a 23-employee laser printing specialist in Houston, is to develop ways of staying in touch with your workers.

His approach: have new employees write him letters.

Before new people come to work at COPI, Plata and his managers ask them to write a letter to management about why they've chosen to work there. After the first week they're asked to write another letter describing "what they hope to accomplish at COPI and what contributions they feel they can make."

Seven weeks later they write a third letter detailing their progress. "We want to know if they're still turned on," says Plata. The letters become the focal point of managers' discussions about employee goals and how work relations can be improved.

He thinks new employees have adjusted to working at COPI more easily since he came up with the idea two years ago. "It helps us determine early how a person likes to work and what he or she needs from us." ❑

Reported by Teri Lammers, Leslie Brokaw, Susan Greco, Martha E. Mangelsdorf, and Bruce G. Posner